

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

| | | | |
|--|-------------------------------|--|-------------------|
| Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other | | Local Unit Name Southfield Township | County Oakland |
| Fiscal Year End March 31, 2007 | Opinion Date June 20, 2007 | Date Audit Report Submitted to State | |

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

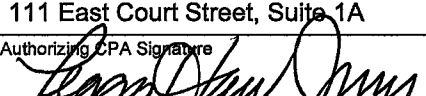
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

| | | | |
|--|-------------------------------------|--|-------------|
| We have enclosed the following: | Enclosed | Not Required (enter a brief justification) | |
| Financial Statements | <input checked="" type="checkbox"/> | | |
| The letter of Comments and Recommendations | <input checked="" type="checkbox"/> | | |
| Other (Describe) | <input type="checkbox"/> | | |
| Certified Public Accountant (Firm Name) Plante & Moran, PLLC | | Telephone Number 810-767-5350 | |
| Street Address 111 East Court Street, Suite 1A | | City Flint | State MI |
| Zip 48502 | | | |
| Authorizing CPA Signature  | Printed Name Peggy Haw Jury | License Number 1101009025 | |

Financial Report
Southfield Township
Oakland County, Michigan
March 31, 2007
With Supplemental Information

**Southfield Township
Financial Report
Fiscal Year Ended March 31, 2007**

Table of Contents

| | <u>Page</u> |
|--|-------------|
| Introductory Section: | |
| List of Elected Officials..... | 1 |
| Financial Section: | |
| Report Letter..... | 2-3 |
| Management’s Discussion and Analysis | 4-6 |
| Basic Financial Statements: | |
| Government-wide Financial Statements: | |
| Statement of Net Assets | 7 |
| Statement of Activities | 8 |
| Fund Financial Statements: | |
| Balance Sheet Governmental Funds..... | 9 |
| Reconciliation of the Balance Sheet to the Statement of Net Assets | 10 |
| Statement of Revenue, Expenditures, and Changes in Fund Balances – Governmental Funds | 11 |
| Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 12 |
| Statement of Fiduciary Net Assets – Fiduciary Funds | 13 |
| Statements of Changes in Net Assets | 14 |
| Notes to Financial Statements..... | 15-23 |

**Southfield Township
Financial Report
Year Ended March 31, 2007**

Table of Contents – (continued)

| | <u>Page</u> |
|--|-------------|
| Required Supplementary Information Section: | |
| Budgetary Comparison Schedule– General Fund..... | 24 |
| Other Supplemental Information: | |
| Combining Balance Sheet – Nonmajor Governmental Funds | 25 |
| Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds | 26 |
| Budgetary Comparison Schedules– Nonmajor Governmental Funds | 27-29 |
| Schedule of Departmental Expenditures and Transfers Out – General Fund..... | 30-32 |

Introductory Section

**Southfield Township
List of Elected Officials
March 31, 2007**

SUPERVISOR

Raymond Mills

CLERK

Sharon Tischler

TREASURER

Joanne McCleary

TRUSTEES

Janet Mooney
I. Jack Fahlen
Phillip Schmitt
Robert Walsh

Financial Section



Independent Auditor's Report

Members of the Township Board
Southfield Township
Oakland County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Southfield Township, Michigan (Township) as of and for the year then ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Southfield Township, as of March 31, 2007, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison schedule as identified in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The introductory section and other supplemental information as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The other supplemental information have been subjected to the auditing procedures applied in the audit of the financial statements, and in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Plante & Moran, PLLC

June 20, 2007

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of Southfield Township, we offer readers of Southfield Township's financial statements this narrative overview and analysis of the financial activities of Southfield Township for the fiscal year ended March 31, 2007. Please read it in conjunction with the Township's financial statements.

Financial Highlights

- The assets of Southfield Township exceeded its liabilities at the close of the most recent fiscal year by \$1,616,082 (net assets).
- Of this amount, \$1,283,960 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$120,452.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The Fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as trustee or agent for the benefit of those outside of the government.

Governmental Activities

The following table shows in a condensed format, the current year's net assets and changes in net assets compared to the prior year:

| | <u>2007</u> | <u>2006</u> |
|----------------------------|--------------------|--------------------|
| Current and other assets | \$ 1,348,119 | \$1,263,062 |
| Capital assets | <u>287,997</u> | <u>248,874</u> |
| Total assets | <u>1,636,116</u> | <u>1,511,936</u> |
| Current liabilities | <u>20,034</u> | <u>16,306</u> |
| Net assets: | | |
| Invested in capital assets | 287,997 | 248,874 |
| Restricted | 44,125 | 45,390 |
| Unrestricted | <u>1,283,960</u> | <u>1,201,366</u> |
| Total net assets | <u>\$1,616,082</u> | <u>\$1,495,630</u> |

Governmental Activities – (continued)

| | <u>2007</u> | <u>2006</u> |
|------------------------------------|--------------------|--------------------|
| Revenues: | | |
| Program revenues: | | |
| Charges for services | \$ 44,143 | \$ 49,789 |
| Capital grants and contributions | 61,128 | 68,756 |
| General revenues: | | |
| Property taxes | 603,463 | 575,462 |
| Interest | 82,354 | 50,641 |
| State shared revenue | 1,798 | 1,816 |
| Loss on disposal of capital assets | (39) | - |
| Total revenues | <u>792,847</u> | <u>746,464</u> |
| Expenses: | | |
| General government | <u>672,395</u> | <u>583,604</u> |
| Increase in net assets | 120,452 | 162,860 |
| Net assets – beginning of year | <u>1,495,630</u> | <u>1,332,770</u> |
| Net assets – end of year | <u>\$1,616,082</u> | <u>\$1,495,630</u> |

The governmental net assets increased 8 percent from a year ago – increase from \$1,495,630 to \$1,616,082. Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations - increased by \$82,594 for the governmental activities. This represents an increase of approximately 6 percent. The current level of unrestricted net assets for our governmental activities stands at \$1,283,960, or about 191 percent of expenditures.

The Township's total governmental revenues increased by approximately \$46,385. The increase, which represents 6 percent, is primarily due an increase in interest earnings and tax revenues.

Expenses increased by \$88,791 during the year.

A portion of Southfield Township's net assets \$287,997 (18%) reflects its investment in capital assets (land, building, machinery and equipment). The Township uses these assets to provide services to citizens; consequently, they are not available for future spending.

There is a third party restriction on net assets of \$44,125 (3%). The remaining balance of unrestricted net assets, \$1,283,960 (79% of net assets), may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, Southfield Township reports positive balances in all three categories of net assets, for the government as a whole, and for its separate governmental activities. The same situation held true for the prior fiscal year. The governmental activities net assets increased by \$120,454 during the current fiscal year.

The Township's Funds

Governmental funds. The focus of Southfield Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Southfield Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Governmental Funds – (continued)

The general fund is the chief operating fund of Southfield Township. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1,178,342 while total fund balance for all governmental funds equaled \$1,328,085.

General Fund Budgetary Highlights

General Fund expenditures totaled \$641,380 approximately \$57,000 under the final budget. (The original budget was amended during the year.)

General Fund revenue was approximately \$57,000 over budget due to increased property tax values and interest earned.

Capital Assets

Southfield Township's investment in capital assets for its governmental activities as of March 31, 2007 amounts to \$287,997 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and machinery and equipment. Additional information on Southfield Township's capital assets can be found in note III.C of this report.

Economic Factors

The unemployment rate for Oakland County is currently 5.7%. The current state average unemployment rate is 6.5% (March 2007). Nationwide, the national average rate is 4.8% (March 2007).

The total assessed and taxable value of property at March 31, 2007 in Southfield Township was \$1,435,777,465 and \$1,070,278,500 respectively.

Southfield Township has timely adopted a budget for the fiscal year ending March 31, 2008.

Requests for Information

This financial report is designed to provide a general overview of Southfield Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the clerk, Southfield Township, 18550 West 13 Mile Road, Southfield, Michigan 48025-5262.

Basic Financial Statements

Government-wide Financial Statements

**Southfield Township
Statement of Net Assets
March 31, 2007**

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Assets | |
| Cash and equivalents | \$ 225,031 |
| Investments | 1,086,133 |
| Receivables: | |
| Property taxes | 4,977 |
| Due from other governments | 31,978 |
| Capital assets (net of accumulated depreciation) | <u>287,997</u> |
| Total assets | 1,636,116 |
| Liabilities | |
| Accounts payable | 9,457 |
| Accrued liabilities | <u>10,577</u> |
| Total liabilities | 20,034 |
| Net Assets | |
| Invested in capital assets | 287,997 |
| Restricted for: | |
| Metro authority | 44,125 |
| Unrestricted | <u>1,283,960</u> |
| Total net assets | <u><u>\$ 1,616,082</u></u> |

The notes to financial statements are an integral part of this statement.

**Southfield Township
Statement of Activities
Year Ended March 31, 2007**

| Functions\Programs | Program revenues | | | Net (Expense) |
|---------------------------------------|------------------|-------------|---------------|---------------------|
| | | | | Revenue and Changes |
| | Expenses | Charges for | Capital | Governmental |
| | | Services | Grant and | Activities |
| | | | Contributions | |
| Primary government | | | | |
| Governmental activities: | | | | |
| General government | \$ 672,395 | \$ 44,143 | \$ 61,128 | \$ (567,124) |
| Total governmental activities | 672,395 | 44,143 | 61,128 | (567,124) |
| General revenues: | | | | |
| Property taxes | | | | 603,463 |
| State shared revenue | | | | 1,798 |
| Interest | | | | 82,354 |
| Loss on disposal of capital assets | | | | (39) |
| Total general revenues | | | | 687,576 |
| Change in Net Assets | | | | 120,452 |
| Net Assets - Beginning of year | | | | 1,495,630 |
| Net Assets - End of year | | | | \$ 1,616,082 |

The notes to financial statements are an integral part of this statement.

Fund Financial Statements

**Southfield Township
Governmental Funds
Balance Sheet
March 31, 2007**

| | General Fund | Nonmajor Funds | Total |
|--|-----------------|-------------------|--------------|
| Assets | | | |
| Cash and cash equivalents | \$ 177,849 | \$ 47,182 | \$ 225,031 |
| Investments | 1,027,702 | 58,431 | 1,086,133 |
| Receivable-property taxes | 4,977 | - | 4,977 |
| Due from other funds | - | 5 | 5 |
| Due from other governments | 31,978 | - | 31,978 |
| | <hr/> | | |
| Total assets | \$ 1,242,506 | \$ 105,618 | \$ 1,348,124 |
| <hr/> | | | |
| Liabilities and Fund Balances | | | |
| Liabilities | | | |
| Accounts payable | \$ 9,457 | \$ - | \$ 9,457 |
| Accrued liabilities | 10,577 | - | 10,577 |
| Due to other funds | 5 | - | 5 |
| | <hr/> | | |
| Total liabilities | 20,039 | - | 20,039 |
| <hr/> | | | |
| Fund Balances | | | |
| Reserved for: | | | |
| Metro authority | 44,125 | - | 44,125 |
| Unreserved, reported in: | | | |
| Special revenue funds | - | 105,618 | 105,618 |
| Unreserved: | | | |
| Designated for subsequent year's expenditures | 78,040 | - | 78,040 |
| Undesignated | 1,100,302 | - | 1,100,302 |
| | <hr/> | | |
| Total fund balance | 1,222,467 | 105,618 | 1,328,085 |
| | <hr/> | | |
| Total liabilities and fund balance | \$ 1,242,506 | \$ 105,618 | \$ 1,348,124 |
| | <hr/> | | |

The notes to financial statements are an integral part of this statement.

**Southfield Township
Reconciliation of the Balance Sheet
to the Statement of Net Assets
Year Ended March 31, 2007**

| | |
|--|--------------|
| Fund balances reported in governmental funds | \$ 1,328,085 |
|--|--------------|

Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources
and are not reported in the funds.

| |
|---------|
| 287,997 |
|---------|

Net assets of governmental activities

| |
|----------------------------|
| <u><u>\$ 1,616,082</u></u> |
|----------------------------|

The notes to financial statements are an integral part of this statement.

**Southfield Township
Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended March 31, 2007**

| | General Fund | Nonmajor Funds | Total |
|--|---------------------|-------------------|---------------------|
| Revenue | | | |
| Property taxes | \$ 603,463 | \$ - | \$ 603,463 |
| Licenses and permits | 4,781 | - | 4,781 |
| Intergovernmental | | | |
| State-shared revenues | 1,798 | - | 1,798 |
| Charges for services | 38,239 | - | 38,239 |
| Interest | 77,630 | 4,724 | 82,354 |
| Miscellaneous | 1,125 | - | 1,125 |
| | | | |
| Total revenue | 727,036 | 4,724 | 731,760 |
| Expenditures | | | |
| Current: | | | |
| General government | | | |
| Township Board | 13,217 | - | 13,217 |
| Supervisor | 26,560 | - | 26,560 |
| Elections | 38,860 | - | 38,860 |
| Assessor | 113,390 | - | 113,390 |
| Clerk | 157,466 | - | 157,466 |
| Treasurer | 165,873 | - | 165,873 |
| Township hall and ground: | 15,462 | - | 15,462 |
| Animal control | 83,918 | - | 83,918 |
| Other | 26,634 | 9,050 | 35,684 |
| | | | |
| Total expenditure: | 641,380 | 9,050 | 650,430 |
| | | | |
| Excess of Revenue Over (Under) Expenditures | 85,656 | (4,326) | 81,330 |
| Other Financing Sources (Uses) | | | |
| Transfers in | - | 5,771 | 5,771 |
| Transfers out | (5,771) | - | (5,771) |
| | | | |
| Total other financing sources (uses) | (5,771) | 5,771 | - |
| | | | |
| Net change in fund balances | 79,885 | 1,445 | 81,330 |
| | | | |
| Fund Balance - Beginning of year | 1,142,582 | 104,173 | 1,246,755 |
| | | | |
| Fund Balance - End of year | \$ 1,222,467 | \$ 105,618 | \$ 1,328,085 |

The notes to financial statements are an integral part of this statement.

**Southfield Township
Reconciliation of the Statement of Revenue, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended March 31, 2007**

| | |
|---|------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ 81,330 |
|---|------------------|

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures; however, in the
statement of activities these costs are allocated over their estimated
useful lives as depreciation:

| | |
|--------------------------------------|-------------|
| Capital outlay | 61,128 |
| Depreciation expense | (21,965) |
| Net book value of assets disposed of | <u>(39)</u> |

| | |
|--|---------------------------------|
| Change in Net Assets of Governmental Activities | <u><u>\$ 120,454</u></u> |
|--|---------------------------------|

The notes to financial statements are an integral part of this statement.

**Southfield Township
Fiduciary Fund
Statement of Fiduciary Net Assets
March 31, 2007**

| | <u>Pension Trust Fund</u> |
|--|-------------------------------|
| Assets | |
| Investments: | |
| Mutual Funds | <u><u>\$ 262,911</u></u> |
| Net Assets | |
| Net Assets held in trust for pension benefits | <u><u>\$ 262,911</u></u> |

The notes to financial statements are an integral part of this statement.

**Southfield Township
Fiduciary Fund
Statements of Changes in Fiduciary Net Assets
Year Ended March 31, 2007**

| | <u>Pension Trust Fund</u> |
|---|-------------------------------|
| Additions | |
| Employer contributions | \$ 16,402 |
| Investment income | <u>19,464</u> |
| Total additions | <u>35,866</u> |
| Deductions | |
| Trustee fees | <u>3,303</u> |
| Net Increase in Net Assets Held in Trust for Pension | 32,563 |
| Net Assets Held in Trust for Pension Benefits | |
| Beginning of year | <u>230,348</u> |
| End of year | <u><u>\$ 262,911</u></u> |

The notes to financial statements are an integral part of this statement.

Notes to Financial Statements

Southfield Township
Notes to Financial Statements
March 31, 2007

I. Summary of significant accounting policies

The accounting policies of Southfield Township (“the Township”) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Southfield Township.

A. Reporting entity:

Southfield Township is located in Oakland County and operates under an elected form of government.

Southfield Township does not have any component units.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct* expenses are those that are clearly identifiable with a specific function or segment. *Program revenues* include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as a separate column in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Southfield Township
Notes to Financial Statements
March 31, 2007

I. Summary of significant accounting policies – (continued)

C. Measurement focus, basis of accounting, and financial statement presentation – (continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be *available* when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Township reports the following major governmental fund:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the Township reports the following fiduciary activities:

Pension Trust fund account for the activities to pay retirement benefits for Township retirees. This fund accumulates resources for pension benefits financed by employer contributions.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Township Board will decide which source of funds to utilize.

Southfield Township
Notes to Financial Statements
March 31, 2007

I. Summary of significant accounting policies – (continued)

C. Measurement focus, basis of accounting, and financial statement presentation – (continued)

The Township levies property taxes on December 1 each year. These taxes become liens on the property at that date. Township taxes are collected without penalty from December 1 through February 14 each year. Taxes are also collected for other entities (i.e., school districts) from July 1 through September 14, without penalty. The delinquent real property taxes of the Township are purchased by the County of Oakland. The delinquent personal property taxes of the Township are turned over to County of Oakland for collections and upon settlement, the county reimburses the Township. All real property taxes assessed, and personal property taxes collected, have been recognized as revenue for the current year. Uncollected personal property taxes have been shown as taxes receivable.

The 2006 taxable valuation of the Township totaled \$1,070,278,500 on which taxes levied consisted of .55 mills for operating purposes. This resulted in \$588,620 for operating. This amount is recognized in the general fund as tax revenue.

D. Assets, liabilities, and net assets or equity

1. Deposits

The Township's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments

Investments are stated at fair value. Certificates of deposit with a maturity date of greater than three months at time of purchase are recorded as investments on the financial statements.

3. Receivables and payables

In general, outstanding balance between funds is reported as "due to/from other funds".

No allowance exists as management believes all receivables to be collectible.

4. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., drains and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In accordance with accounting principles generally accepted in the United States of America, recorded infrastructure assets include only those acquired beginning with the fiscal year ended March 31, 2004. Prior to the implementation of GASB No. 34, records on these assets were not maintained. The Township is not required to retroactively determine costs and accumulated depreciation for infrastructure assets acquired prior to April 1, 2003 and record those assets on the financial statements.

Southfield Township
Notes to Financial Statements
March 31, 2007

I. Summary of significant accounting policies – (continued)

D. Assets, liabilities, and net assets or equity – (continued)

4. Capital assets – (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|----------------------|--------------|
| Buildings | 39 |
| Building improvement | 15-30 |
| Office equipment | 5 |
| Computer equipment | 3-10 |

5. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

6. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

7. Compensated absences

Vacation allowances are computed on a calendar year basis, beginning as of the employee's anniversary date. A regular employee who is separated from Township employment shall be entitled to pay for any unused portion of vacation allowance as of the date of separation. Annual vacation must be taken within one year from the date it was earned. There is no liability at year end for unpaid vacation since employees are not allowed to carry it over to the next year. There is no liability for unpaid accumulated sick leave since the Township does not have a policy to pay any amounts when employees separate from service with the Township.

Southfield Township
Notes to Financial Statements
March 31, 2007

II. Stewardship, compliance, and accountability

Budgetary information

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Supervisor submits to the Township Board a proposed operating budget at a public hearing in February for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them for the General Fund and Special Revenue Funds.
2. Public hearings are conducted at the Township Hall to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted on a departmental basis through passage of a resolution and in accordance with Public Act 621 of the State of Michigan.
4. The Supervisor is authorized to transfer budgeted amounts within departmental appropriation accounts. However, any revisions that alter the total expenditures of any department must be approved by the Township Board.
5. Formal budgetary integration is employed as a management-control device during the year for all budgetary funds. Also, all budgets are adopted on a basis consistent with generally accepted accounting principles.
6. Budget appropriations lapse at year end.
7. The original budget was amended during the year.

Excess of expenditures over appropriations

The following department incurred expenditures in excess of appropriations:

| | <u>Final Budget</u> | <u>Actual</u> | <u>Actual Over Amended Budget</u> |
|-------------------------|-------------------------|---------------|---------------------------------------|
| General fund: | | | |
| Treasurer | \$165,600 | \$165,873 | \$ 273 |
| MESC Distribution fund: | | | |
| General Government | \$ 7,000 | \$ 9,050 | \$ 2,050 |

Southfield Township
Notes to Financial Statements
March 31, 2007

III. Detailed notes on all funds

A. Deposits and investments

Michigan Compiled Laws section 129.91 (Public Act 20 of 1943, as amended), authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivision, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The pension trust fund is also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations and certain other specified investment vehicles.

The Township has designated eight banks for the deposit of its funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above. Southfield Township's deposits and investment policies are in accordance with statutory authority.

The Township's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial credit risk of investments:

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township does not have a policy for custodial credit risk. At year end, \$1,052,248 of investment securities were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Township's name.

B. Receivables

Receivables as of year end for the Township's individual major fund and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental activities and fiduciary funds:

| | <u>General Fund</u> |
|------------------------------------|---------------------|
| Receivables: | |
| Property taxes | \$ 4,977 |
| Less: allowance for uncollectibles | <u>-</u> |
| Net total receivables | <u>\$ 4,977</u> |

Southfield Township
Notes to Financial Statements
March 31, 2007

III. Detailed notes on all funds – (continued)

C. Capital assets

Capital asset activity for the year ended March 31, 2007 was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Disposals</u> | <u>Ending Balance</u> |
|--|------------------------------|------------------|------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 6,350 | \$ - | \$ - | \$ 6,350 |
| Capital assets, being depreciated: | | | | |
| Buildings | 285,148 | - | - | 285,148 |
| Improvements other than buildings | 4,407 | - | - | 4,407 |
| Machinery and equipment | 196,573 | 61,128 | 7,087 | 250,614 |
| Total capital assets being depreciated | 486,128 | 61,128 | 7,087 | 540,169 |
| Less accumulated depreciation for: | | | | |
| Buildings | 118,769 | 7,250 | - | 126,019 |
| Improvements other than buildings | 4,407 | - | - | 4,407 |
| Machinery and equipment | 120,429 | 14,715 | 7,048 | 128,096 |
| Total accumulated depreciation | 243,605 | 21,965 | 7,048 | 258,522 |
| Total capital assets, being depreciated, net | 242,523 | 39,163 | 39 | 281,647 |
| Governmental activities capital assets, net | \$248,873 | \$ 39,163 | \$ 39 | \$287,997 |

Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities:
 General government

\$ 21,965

D. Internal Receivables and Transfers

The composition of interfund balances is as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|--------------------------|---------------|
| General Fund | Capital Improvement Fund | \$ 5 |

Interfund transfers reported in the fund statements are comprised of the following:

| <u>Fund Providing Resource</u> | | <u>Fund Receiving Resource</u> |
|--------------------------------|-----------------|--------------------------------|
| General Fund | \$ 771 | MESC Distribution |
| General Fund | <u>5,000</u> | Capital Purchase Fund |
| Total | <u>\$ 5,771</u> | |

Transfers between funds were primarily for operating purposes.

Southfield Township
Notes to Financial Statements
March 31, 2007

IV. Other information

A. Deferred compensation

The Township offers its employees one of two Deferred Compensation Plans in accordance with Internal Revenue Code Section 457. The plans, available to substantially all Township employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseen emergency.

The Township's plan administrators, ICMA and ING, hold the assets of the plans within trusts. As a result, the plans assets are not reflected on the financial statements since the Township has no fiduciary or administrative responsibility for these plans.

B. Retirement plans and other post-employment benefits

Retirement plan:

The Township provides pension benefits for all of its full-time employees, all permanent and part-time employees working 1,000 hours or more a year, through the John Hancock Life Insurance. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan provisions and contribution requirements were established through a resolution by the board. The Township is required to contribute a fixed percentage (10%) of gross wages of the participants to the plan once they have been employed for 90 days.

The Township's contribution to the plan for the year was \$16,402. The total contributions currently administered by the Burnham & Flower Insurance Group/John Hancock Life Insurance are \$262,911. The current year covered payroll was \$178,926, and the Township's total payroll amounted to \$228,886.

Post employment benefits:

All eligible elected officials, full-time and permanent part-time employees who have retired and are eligible to obtain Medicare and have the equivalent of 12 years (23,400 hours) full-time service shall be provided with post employment benefits in the form of health care and dental benefits. Post-employment benefits are not provided if the employee is covered by insurance from some other source. The positions of Supervisor and Trustee shall be excluded from coverage.

These benefits are provided by contractual agreement and are paid by the General Fund. The Township funds these costs on a pay-as-you-go basis. The amounts are recorded as an expenditure when the fund liability is incurred. The benefit amounts incurred totaled \$1,177 during the year ended March 31, 2007. The total number of eligible retirees amounted to 2 individuals at March 31, 2007. By contractual agreements, the Township pays 100% of these costs. There are no provisions for employee contributions.

Upcoming reporting change:

The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ended March 31, 2009.

Southfield Township
Notes to Financial Statements
March 31, 2007

IV. Other information – (continued)

C. Commitments

The Township entered into a two-year contract with Oakland County Equalization Division for annual assessment of real and personal property through the 2008 tax year as required by laws of the State of Michigan. The Township will pay the County the sum of \$14.28 per year for a real property description and \$12.04 per year for a personal property description rendered during the life of the contract. Payment for each year of the contract is due by July 1 of the tax year. If the amounts under the contract are not paid, the County is entitled to reduce, set-off, and permanently retain any amount due from the Township from the delinquent tax revolving fund pay-out.

The Township has committed to pay a portion of the expenditures for parking lot improvements to be completed in fiscal year ending March 31, 2008. The maximum share of the expenditures to be paid by the Township is \$19,000.

D. Risk management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries. The Township has purchased commercial insurance for coverage of all claims except employee unemployment benefits. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. The Township pays unemployment claims on a reimbursement basis and has set money aside to pay these claims in the MESC Special Revenue Fund.

Required Supplementary Information

Southfield Township
Required Supplemental Information
Budgetary Comparison Schedule- General Fund
Year Ended March 31, 2007

| | Budget | | | Variance with Amended Budget |
|---|---------------------|---------------------|---------------------|------------------------------------|
| | Original | Amended | Actual | |
| Revenue | | | | |
| Property taxes | \$ 582,000 | \$ 582,000 | \$ 603,463 | \$ 21,463 |
| Licenses and permits | 5,100 | 5,100 | 4,781 | (319) |
| Intergovernmental | | | | |
| State-shared revenues | 1,000 | 1,000 | 1,798 | 798 |
| Charges for services | 51,000 | 51,000 | 38,239 | (12,761) |
| Interest | 30,000 | 30,000 | 77,630 | 47,630 |
| Miscellaneous | 800 | 800 | 1,125 | 325 |
| | | | | |
| Total revenue | 669,900 | 669,900 | 727,036 | 57,136 |
| Expenditures | | | | |
| General government | | | | |
| Township Board | 14,650 | 14,650 | 13,217 | 1,433 |
| Supervisor | 28,100 | 30,100 | 26,560 | 3,540 |
| Elector | 52,000 | 52,000 | 38,860 | 13,140 |
| Assessor | 116,150 | 116,150 | 113,390 | 2,760 |
| Clerk | 158,550 | 160,550 | 157,466 | 3,084 |
| Treasurer | 163,600 | 165,600 | 165,873 | (273) |
| Township hall and grounds | 27,200 | 27,200 | 15,462 | 11,738 |
| Animal control | 83,750 | 85,750 | 83,918 | 1,832 |
| Other | 54,500 | 46,500 | 26,634 | 19,866 |
| | | | | |
| Total expenditure: | 698,500 | 698,500 | 641,380 | 57,120 |
| Excess of Revenues Over (Under) Expenditures | (28,600) | (28,600) | 85,656 | 114,256 |
| Other Financing Uses | | | | |
| Transfers out | (900) | (900) | (5,771) | (4,871) |
| Net change in fund balances | (29,500) | (29,500) | 79,885 | 109,385 |
| Fund Balance - Beginning of year | 1,142,582 | 1,142,582 | 1,142,582 | - |
| Fund Balance - End of year | \$ 1,113,082 | \$ 1,113,082 | \$ 1,222,467 | \$ 109,385 |

Combining Fund Statements

**Southfield Township
Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
March 31, 2007**

| | Special Revenue Funds | | | Total Nonmajor Governmental Funds |
|---------------------------|-----------------------|------------------------|---------------------|--|
| | MESC Distribution | Capital Improvement | Capital Purchase | |
| Assets | | | | |
| Cash and cash equivalents | \$ 47,182 | \$ - | \$ - | \$ 47,182 |
| Investments | - | 34,287 | 24,144 | 58,431 |
| Due from other funds | - | 5 | - | 5 |
| | \$ 47,182 | \$ 34,292 | \$ 24,144 | \$ 105,618 |
| Fund Balance | | | | |
| Unreserved | \$ 47,182 | 34,292 | 24,144 | \$ 105,618 |

Southfield Township
Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes
in Fund Balances-Nonmajor Governmental Funds
Year Ended March 31, 2007

| | Special Revenue Funds | | | |
|---|-----------------------|------------------------|---------------------|-------------------|
| | MESC Distribution | Capital Improvement | Capital Purchase | Total |
| Revenue | | | | |
| Interest | \$ 2,222 | \$ 1,602 | \$ 900 | \$ 4,724 |
| Expenditures | | | | |
| General government | 9,050 | - | - | 9,050 |
| Excess of Revenues Over (Under) Expenditures | (6,828) | 1,602 | 900 | (4,326) |
| Other Financing Sources | | | | |
| Transfers in | 771 | - | 5,000 | 5,771 |
| Net change in fund balances | (6,057) | 1,602 | 5,900 | 1,445 |
| Fund Balances - Beginning of year | 53,239 | 32,690 | 18,244 | 104,173 |
| Fund Balances - End of year | \$ 47,182 | \$ 34,292 | \$ 24,144 | \$ 105,618 |

**Southfield Township
Other Supplemental Information
Budgetary Comparison Schedule-MESC Distribution Fund
Year Ended March 31, 2007**

| | MESC Distribution | | | |
|---|-------------------|------------------|------------------|------------------------------------|
| | Budget | | Actual | Variance with Amended Budget |
| | Original | Amended | | |
| Revenue | | | | |
| Interest | \$ 1,100 | \$ 1,100 | \$ 2,222 | \$ 1,122 |
| Expenditures | | | | |
| General government | 1,870 | 7,000 | 9,050 | (2,050) |
| Excess of Revenues Over (Under) Expenditures | (770) | (5,900) | (6,828) | (928) |
| Other Financing Sources | | | | |
| Transfers in | 770 | 770 | 771 | 1 |
| Net change in fund balance | - | (5,130) | (6,057) | (927) |
| Fund Balance - Beginning of year | 53,239 | 53,239 | 53,239 | - |
| Fund Balance - End of year | <u>\$ 53,239</u> | <u>\$ 48,109</u> | <u>\$ 47,182</u> | <u>\$ (927)</u> |

Southfield Township
Other Supplemental Information
Budgetary Comparison Schedule - Capital Improvement Fund
Year Ended March 31, 2007

| | Capital Improvement | | | |
|---|---------------------|-----------------|------------------|------------------------------------|
| | Budget | | Actual | Variance with Amended Budget |
| | Original | Amended | | |
| Revenue | | | | |
| Interest | \$ 800 | \$ 800 | \$ 1,602 | \$ 802 |
| Expenditures | | | | |
| Capital outlay | 27,800 | 27,000 | - | 27,000 |
| Excess of Revenues Over (Under) Expenditures | (27,000) | (26,200) | 1,602 | 27,802 |
| Fund Balance - Beginning of year | 32,690 | 32,690 | 32,690 | - |
| Fund Balance - End of year | \$ 5,690 | \$ 6,490 | \$ 34,292 | \$ 27,802 |

Southfield Township
Other Supplemental Information
Budgetary Comparison Schedule - Capital Purchase Fund
Year Ended March 31, 2007

| | Capital Purchase | | | |
|--|-------------------------|-------------------------|-------------------------|------------------------------------|
| | Budget | | Actual | Variance with Amended Budget |
| | Original | Amended | | |
| Revenue | | | | |
| Interest | \$ 600 | \$ 600 | \$ 900 | \$ 300 |
| Expenditures | | | | |
| Capital outlay | 600 | 600 | - | 600 |
| Excess of Revenue Over Expenditures | - | - | 900 | 900 |
| Other Financing Sources | | | | |
| Transfers in | - | - | 5,000 | 5,000 |
| Net Change in Fund Balances | - | - | 5,900 | 5,900 |
| Fund Balance - Beginning of year | 18,244 | 18,244 | 18,244 | - |
| Fund Balance - End of year | <u><u>\$ 18,244</u></u> | <u><u>\$ 18,244</u></u> | <u><u>\$ 24,144</u></u> | <u><u>\$ 5,900</u></u> |

**Southfield Township
Other Supplemental Information
Schedule of Departmental Expenditures
And Transfers Out
General Fund
Year Ended March 31, 2007
With Comparative Totals for March 31, 2006**

| | Township Board | Supervisor | Elections |
|--|-------------------|------------------|------------------|
| Personnel services | \$ 3,760 | \$ 23,282 | \$ 18,473 |
| Overtime | 800 | - | 1,975 |
| Social Security | 348 | 1,836 | 168 |
| Hospitalization | - | - | - |
| Life and disability insurance | 810 | 115 | - |
| Retirement contribution | - | - | - |
| Longevity | - | - | - |
| Supplies | - | 263 | 3,508 |
| Audit | - | - | - |
| Telephone | - | 420 | - |
| Legal notices | 1,071 | - | 1,198 |
| Data processing | - | - | - |
| Miscellaneous | 829 | 71 | 2,169 |
| Insurance - other and reimbursements | - | - | - |
| Transportation | 18 | 63 | - |
| Custodian | - | - | 5,032 |
| Utilities | - | - | - |
| Repairs and maintenance | - | - | 157 |
| Heat | - | - | - |
| Purchases - building, vehicles and equipment | - | - | 3,213 |
| Veterinary services | - | - | - |
| Legal | - | - | - |
| Dues and memberships | 5,581 | 210 | - |
| Education | - | - | - |
| Postage | - | - | 2,967 |
| Board of review meals | - | 300 | - |
| Maintenance agreement | - | - | - |
| Tax appeals | - | - | - |
| Dog license notices | - | - | - |
| Property assessing and reappraisal | - | - | - |
| Metro Authority expense | - | - | - |
| Animal control contract services | - | - | - |
| Transfers out | - | - | - |
| | \$ 13,217 | \$ 26,560 | \$ 38,860 |

| Assessor | Clerk | Treasurer | Building and Grounds | Animal Control | Capital Outlay and Other |
|-------------------|-------------------|-------------------|----------------------------|-------------------|--------------------------------|
| \$ - | \$ 98,184 | \$ 97,785 | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | 7,627 | 8,265 | - | - | - |
| - | 25,408 | 28,125 | - | - | - |
| - | 1,209 | 1,209 | - | - | - |
| - | 9,649 | 7,520 | - | - | - |
| - | 2,300 | 800 | - | - | - |
| - | 1,940 | 3,183 | - | 101 | - |
| - | 3,895 | 3,200 | - | - | - |
| - | 1,520 | 2,570 | - | - | - |
| 261 | 145 | 123 | - | - | - |
| - | - | 256 | - | - | - |
| 75 | 97 | 2,768 | - | 98 | - |
| - | - | - | - | - | 10,875 |
| - | 1,389 | 688 | - | - | - |
| - | - | - | 3,360 | - | - |
| - | - | - | 3,052 | - | - |
| - | - | 24 | 4,800 | - | - |
| - | - | - | 963 | - | - |
| - | 826 | 1,826 | - | - | 1,412 |
| - | - | - | - | 3,083 | - |
| 10,833 | - | - | - | - | 3,451 |
| - | 340 | 332 | - | - | - |
| - | 1,715 | 2,199 | - | - | - |
| 2,998 | 1,222 | 5,000 | - | 891 | - |
| - | - | - | - | - | - |
| - | - | - | 3,287 | - | - |
| - | - | - | - | - | - |
| - | - | - | - | 995 | - |
| 99,223 | - | - | - | - | - |
| - | - | - | - | - | 10,896 |
| - | - | - | - | 78,750 | - |
| - | 257 | 514 | - | - | 5,000 |
| \$ 113,390 | \$ 157,723 | \$ 166,387 | \$ 15,462 | \$ 83,918 | \$ 31,634 |

(continued)

Southfield Township
Other Supplemental Information
Schedule of Departmental Expenditures (continued)
And Transfers Out
General Fund
Year Ended March 31, 2007
With Comparative Totals for March 31, 2006

| | Totals | |
|--|-------------------|-------------------|
| | 2007 | 2006 |
| Personnel services | \$ 241,484 | \$ 211,880 |
| Overtime | 2,775 | - |
| Social Security | 18,244 | 16,480 |
| Hospitalization | 53,533 | 42,845 |
| Life and disability insurance | 3,343 | 3,043 |
| Retirement contribution | 17,169 | 15,683 |
| Longevity | 3,100 | 3,300 |
| Supplies | 8,995 | 7,786 |
| Audit | 7,095 | 5,600 |
| Telephone | 4,510 | 4,007 |
| Legal notices | 2,798 | 1,383 |
| Data processing | 256 | 369 |
| Miscellaneous | 6,107 | 8,588 |
| Insurance - other and reimbursements | 10,875 | 10,581 |
| Transportation | 2,158 | 1,901 |
| Custodian | 8,392 | 3,735 |
| Utilities | 3,052 | 4,504 |
| Repairs and maintenance | 4,981 | 5,292 |
| Heat | 963 | 853 |
| Purchases - building, vehicles and equipment | 7,277 | 77,116 |
| Veterinary services | 3,083 | 1,650 |
| Legal | 14,284 | 6,748 |
| Dues and memberships | 6,463 | 6,276 |
| Education | 3,914 | 4,465 |
| Postage | 13,078 | 11,017 |
| Board of review meals | 300 | 265 |
| Maintenance agreement | 3,287 | 4,465 |
| Tax appeals | - | 2,789 |
| Dog license notices | 995 | 1,042 |
| Property assessing and reappraisal | 99,223 | 99,373 |
| Metro Authority expense | 10,896 | 820 |
| Animal control contract services | 78,750 | 75,720 |
| Transfers out | 5,771 | 770 |
| | \$ 647,151 | \$ 640,346 |



Plante & Moran, PLLC

Suite 1A

111 E. Court St.

Flint, MI 48502

Tel: 810.767.5350

Fax: 810.767.8150

plantemoran.com

July 17, 2007

To the Board
Southfield Township
Southfield, Michigan

In planning and performing our audit of the financial statements of Southfield Township as of and for the year ended March 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Southfield Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control. Accordingly, we do not express an opinion on the effectiveness of the Municipality's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Municipality's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Municipality's financial statements that is more than inconsequential will not be prevented or detected by the Municipality's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Municipality's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

This communication is intended solely for the information and use of management, board of directors, and others within the Municipality, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Plante & Moran, PLLC

Plante & Moran, PLLC